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E-File: February 19, 2010

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Attorneys for Debtors and
 Debtors in Possession

UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re:

THE RHODES COMPANIES, LLC, aka
"Rhodes Homes," et al.,¹
Debtors.

Case No.: BK-S-09-14814-LBR
 (Jointly Administered)

Chapter 11

Affects:

¹ The Debtors in these cases, along with their case numbers are: Heritage Land Company, LLC (Case No. 09-14778); The Rhodes Companies, LLC (Case No. 09-14814); Tribes Holdings, LLC (Case No. 09-14817); Apache Framing, LLC (Case No. 09-14818); Geronimo Plumbing LLC (Case No. 09-14820); Gung-Ho Concrete LLC (Case No. 09-14822); Bravo, Inc. (Case No. 09-14825); Elkhorn Partners, A Nevada Limited Partnership (Case No. 09-14828); Six Feathers Holdings, LLC (Case No. 09-14833); Elkhorn Investments, Inc. (Case No. 09-14837); Jarupa, LLC (Case No. 09-14839); Rhodes Realty, Inc. (Case No. 09-14841); C & J Holdings, Inc. (Case No. 09-14843); Rhodes Ranch General Partnership (Case No. 09-14844); Rhodes Design and Development Corporation (Case No. 09-14846); Parcel 20, LLC (Case No. 09-14848); Tuscany Acquisitions IV, LLC (Case No. 09-14849); Tuscany Acquisitions III, LLC (Case No. 09-14850); Tuscany Acquisitions II, LLC (Case No. 09-14852); Tuscany Acquisitions, LLC (Case No. 09-14853); Rhodes Ranch Golf Country Club, LLC (Case No. 09-14854); Overflow, LP (Case No. 09-14856); Wallboard, LP (Case No. 09-14858); Jackknife, LP (Case No. 09-14860); Batcave, LP (Case No. 09-14861); Chalkline, LP (Case No. 09-14862); Glynda, LP (Case No. 09-14865); Tick, LP (Case No. 09-14866); Rhodes Arizona Properties, LLC (Case No. 09-14868); Rhodes Homes Arizona, L.L.C. (Case No. 09-14882); Tuscany Golf Country Club, LLC (Case No. 09-14884); and Pinnacle Grading, LLC (Case No. 09-14887).

| | |
|-------------------------------------|---------------------------------|
| <input checked="" type="checkbox"/> | All Debtors |
| <input type="checkbox"/> | Affects the following Debtor(s) |

NOTICE TO SELL NON-CORE ASSET (FORD F650)

To (a) the Office of the United States Trustee, (b) counsel to the Agent for the First Lien Lenders, (c) counsel to the Agent for the Second Lien Lenders, (d) counsel to the Unsecured Creditors' Committee, (e) counsel to the First Lien Steering Committee; and (f) all parties holding (or, to the Debtors' knowledge, asserting) liens on, or other interests in, the Non-Core Asset (defined below) that is the subject of the Proposed Transaction (defined below) (collectively, the "Interested Parties"):

PLEASE TAKE NOTICE THAT the above-captioned debtors and debtors in possession (the "Debtors") are proposing to sell (the "Proposed Transaction") a non-core asset (the "Non-Core Asset") free and clear of liens, claims and encumbrances, pursuant to the *Order Establishing Procedures to Sell Non-Core Assets* [Docket Number 462] (the "Order"). A further description of the Non-Core Asset and the terms of the sale are set forth on **Attachment A** hereto.

As required pursuant to the Order and the Non-Core Assets Sale Procedure, the Debtors have received approval to sell the Non-Core Asset from Winchester Carlisle Partners, the financial advisors to the First Lien Steering Committee.

PLEASE TAKE FURTHER NOTICE THAT pursuant to the Order and the Non-Core Assets Sale Procedure, the Debtors may consummate a Proposed Transaction on fewer than 10 days notice to you if the Debtors obtain written consent to the Proposed Transaction from counsel to the Agent for the First Lien Lenders and counsel to the Agent for the Second Lien Lenders. The Debtors have obtained written consent from counsel to the Agent for the First Lien

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Lenders and counsel to the Agent for the Second Lien Lenders and, accordingly, the Debtors intend to proceed immediately to consummate the sale.

DATED this 11th day of February, 2010.

PACHULSKI STANG ZIEHL & JONES
LLP

/s/ Shirley S. Cho, Esq.
Shirley S. Cho, Esq. (CA Bar No. 192616)
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LARSON & STEPHENS

/s/ Zachariah Larson, Esq.
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Attorneys for Debtors and Debtors in
Possession

Attachment A
Information Regarding Non-Core Asset Sale Transaction

| Questions | | Responses |
|------------|---|----------------------------------|
| Question 1 | Date | 02/15/10 |
| | Make / Model | Ford F650 |
| | Serial# | 3FDNF65422MA01777 |
| | Location | Golden Valley, AZ |
| Question 2 | Purchaser | Snider Leasing Corp. |
| | Relationship to Debtor | None |
| Question 3 | Current Lienholder | US Bancorp Equipment Finance Inc |
| Question 4 | Copy of Contract | Attachment 1 |
| | Summary of Transaction | Sales price of \$40,000 |
| Question 5 | Contracts and Leases to Transfer from Seller to Purchaser | None |
| Question 6 | Costs to be Charged Against the Sale Proceeds | None |
| Question 7 | Copies of Appraisals | See Attachment 2 |

Attachment 1



Pinnacle Grading
313 S. Aztec Rd.
Golden Valley, AZ 86413

Date: 2/15/2010
Invoice: 4035

Bill To: Snider Leasing Corp
Sacramento Leasing, Inc.
5301 Madison Ave. , Suite 101
Sacramento, CA 95841

| Quantity | Description | Amount |
|----------|--|-------------|
| 1 | 2002 F650 XL 5.9L Diesel S/N 3FDNF6544MA01777 Stellar 10620,Rear Hydraulic Stabilizers | \$40,000.00 |

Total \$40,000.00

All equipment sold strictly as-is, where-is, no warranties expressed or implied. Buyer is Responsible for all transportation cost from Golden Valley, AZ and assumes all risk of Loss upon payment. Upon verification of funds, equipment will be released within one (1) Business day and must be removed from the yard within 10 days. It is understood That purchaser assumes all risk and liability for, and shall hold Pinnacle Grading Harmless from all damages for injuries to persons and property arising out of the use, Possession or transportation of the equipment. Payment due in full before buyer taking Possession.

I (we) have read the contract and agree with its contents.

Buyer: _____

Date: ____/____/____

Seller: _____

Date: ____/____/____

Thank You for Your Business!

PARTIAL SETTLEMENT AGREEMENT

This Partial Settlement Agreement is by and among U.S. Bancorp Equipment Finance, Inc. ("USBEP") (Secured Party), Pinnacle Grading LLC (Debtor), Sagebrush Enterprises (a "Corporate Guarantor"), Rhodes Design and Development Corporation (a "Corporate Guarantor"), and James Rhodes ("Personal Guarantor"), collectively referred to herein as the "Parties", and relates to that certain loan Schedule number 666120C dated March 15, 2006 under the Master Loan Agreement entered on or about September 22, 2005.

USBEP agrees to allow Pinnacle Grading LLC to sell a portion of the collateral securing the subject loan, specifically described as follows:

02 Ford F650 Mechanics Truck - MT 04 610-00 VIN: 3FDNF65422MA01777

USBEP agrees to accept from Pinnacle Grading LLC the sum of **\$40,000.00** as partial satisfaction of its obligations and those of the Personal and Corporate Guarantors in the above-referenced matter.

Upon receipt of this amount in good funds, USBEP will apply 100% of said sum to principal reduction, provided that the interest due is paid current through the last billing cycle, and USBEP will release its rights, title and interests in the above-listed equipment.

This Partial Settlement Agreement is contingent on the agreed settlement amount of \$40,000.00 being received on or before March 8th, 2010.

This Partial Settlement Agreement only constitutes specific conditions as outlined above. All other terms and conditions of the subject Master Loan Agreement and all Schedules thereunder remain in full force and in effect.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Partial Settlement Agreement as of the 9th day of February, 2010:

Pinnacle Grading LLC

Sagebrush Enterprises

By: _____

By: _____

Rhodes Design and Development Corporation

By: _____
James Rhodes, Individual

By: _____

U.S. Bancorp Equipment Finance, Inc.

By: 
Jan B. Rovner Operations Manager Portfolio Services

Date: February 9, 2010

Attachment 2

PINNACLE GRADING, LLC

APPRAISAL

| <u>EQUIP #</u> | <u>CODE #</u> | <u>DESCRIPTION</u> | <u>SERIAL #</u> | <u>NOTES</u> | <u>AV</u> | <u>OLV</u> | <u>FMV</u> |
|----------------|---------------|--|-------------------|--------------|-----------|------------|------------|
| Chevy 5500 | 610-001 | 1997 CHEVROLET C5500 S/A MECHANIC'S TRUCK, s/n 1GBE6H1J6VJ107103: CATERPILLAR 3116 DIESEL, AUTO TRANS, IMT 2015 ELECTRIC / HYDRAULIC AUTO CRANE, FUEL & LUBE TANKS, HOSE REELS, REAR MANUAL STABILIZERS | 1GBEGH1J6VJ107103 | | \$12,000 | \$15,000 | \$17,000 |
| Chevy 5500 | 610-002 | 1998 CHEVROLET C5500 S/A MECHANIC'S TRUCK, s/n 1GBE6H1J7VJ107367: CATERPILLAR 3116 DIESEL, AUTO TRANS, P.T.O., IMT 2015 ELECTRIC / HYDRAULIC AUTO CRANE, HOSE REEL, REAR MANUAL STABILIZERS | 1GBEGH1J7VJ107367 | | \$12,000 | \$15,000 | \$17,000 |
| Pete Mech | 610-003 | 2002 PETERBILT S/A MECHANIC'S TRUCK, s/n N/A: CATERPILLAR 3126 DIESEL, IMT 10,000# AUTO CRANE | 2NPNHD7X22M572291 | | \$52,500 | \$59,000 | \$68,000 |
| 650 | 610-004 | 2002 FORD F650 XL SUPER DUTY S/A MECHANIC'S TRUCK, s/n 3FDNF65422MA01777: CUMMINS 5.9L DIESEL, 6 SPEED TRANS, P.T.O., STELLAR 10620 ELECTRIC / HYDRAULIC AUTO CRANE, STELLAR HYDRAULIC DRIVEN AIR COMPRESSOR, FRONT & REAR HYDRAULIC STABILIZERS | 3FDNF65422MA01777 | | \$35,000 | \$42,000 | \$52,000 |

The attached cover letter is an integral part of this Appraisal Report

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STEPHEN PASSY & ASSOCIATES, INC.

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